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## **OLR Bill Analysis**

### **sSB 77**

#### ***AN ACT CONCERNING AN UNEMPLOYED ARMED FORCES MEMBER SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM.***

#### **SUMMARY:**

This bill establishes the Unemployed Armed Forces Member Subsidized Training and Employment Program in the Department of Labor (DOL) to provide grants to subsidize businesses' costs of hiring unemployed veterans. The grants cover a portion of the cost of compensating these new employees and training them on the job during their first six months of employment. The bill allows the labor commissioner to adopt implementing regulations.

To fund the grants, the bill authorizes \$10 million in bonds, with \$5 million available upon its passage and the balance available in FY 13. DOL can use up to 4% of any of the bond funds allocated for the program to cover the cost of any outside consultants it hires to administer the grants.

The bill requires the labor commissioner to report biannually on the program, beginning June 30, 2013, to the Appropriations; Commerce; Labor; and Finance, Revenue and Bonding committees.

EFFECTIVE DATE: Upon passage

#### **ELIGIBILITY**

##### ***Business***

The program is open to any type of business that is based in Connecticut, has been registered to do business here for at least 12 months, and is in good standing regarding all state and local taxes.

##### ***Employee***

The business qualifies for a training and employment grant depending on the new employees' prior employment and veteran

status. Specifically, the employees must be unemployed before the business hired them, regardless of whether they received unemployment benefits, and as long as they were not employed by a related person in Connecticut at any time during the 12 months before they were hired.

A related person includes a corporation, limited liability company (LLC), partnership, association, or trust in or under the business' control. Control is based on ownership of (1) stock in a corporation; (2) capital or profit interest in a partnership, LLC, or association; or (3) a beneficial interest in a trust, all according to federal tax law.

The business' eligibility for the grant also depends on a new employee's veteran status. The new employee must have been:

1. a member of the armed forces of any state or any reserve component of the U.S. armed forces;
2. called to active service in support of Operation Enduring Freedom or presidentially authorized military operations against Iraq; and
3. honorably discharged after serving at least 90 days in an area the president designated by executive order as a combat zone, or earlier if the employee was separated from service due to a Veterans' Administration-rated "service-corrected" disability (see COMMENT).

## **TRAINING AND EMPLOYMENT GRANTS**

Businesses may apply to DOL for a grant for each employee meeting the above criteria. In doing so, they must describe the on-the-job training the employee will receive. DOL must review and approve that description as part of the business' grant application.

The grant covers a portion of the cost of training and compensating the employee, not counting benefits, during his or her first six months on the job, up to a maximum of \$20 per hour. As Table 1 shows, the grant amount phases out during this six-month period.

<i>Month</i>	<i>Grant Amount as Percent of Employee's Training and Compensation</i>
1	100%
2 and 3	75%
4 and 5	50%
6	25%

The grant payments immediately end if the employee leaves the business before the end of the six-month period. A business receiving a grant cannot receive (1) a second grant for an employee who remains after this period or (2) a grant under the state's Subsidized Training and Employment Program (STEP).

## **REPORTING**

In each six-month report, the labor commissioner must include available data on:

1. the number and types of businesses that received training and employment grants,
2. the number of unemployed veterans that were hired because of these grants, and
3. the most recent estimates of the number of jobs that were created or maintained under the program.

## **BACKGROUND**

### ***Related Program***

PA 11-1, October Special Session, created STEP to subsidize a portion of the training and compensation costs of hiring unemployed workers. But it targets small businesses and small manufacturers (fewer than 50 employees). Subsidies differ for non-manufacturing and manufacturing businesses.

**COMMENT*****Incorrect Term***

The bill uses an incorrect term to describe an employee who is a veteran but was honorably discharged before serving at least 90 days in a combat zone. Under the bill, a business is eligible for a subsidy for such veteran's training and employment costs if he or she was separated from the service due to a Veterans' Administration-rated "service-corrected" disability. The correct designation is "service-connected" disability.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute Change of Reference

Yea 16 Nay 0 (03/01/2012)

Labor and Public Employees Committee

Joint Favorable

Yea 11 Nay 0 (03/08/2012)